

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 DODE-00 PM-05
H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02
SS-15 ICA-11 SSM-03 ACDA-12 AID-05 COME-00 EB-08
FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01
OMB-01 OC-06 CCO-00 CAB-02 DOTE-00 FAA-00 MCT-01
SY-05 A-01 OPR-02 SCS-06 CA-01 /155 W
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R 100700Z APR 78
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2456
INFO AMEMBASSY AMMAN
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMCONSUL JERUSALEM
USMISSION USUN NY
USMISSION SINAI

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E. O. 11652: GDS
TAGS: ELAB PINT IS
SUBJ: GOVERNMENT TAKES INCREASINGLY TOUGH STAND RESISTING
STRIKES

REF.: TEL AVIV 4409

1. SUMMARY: FACED WITH A MOUNTING TIDE OF STRIKES AND STRIKE THREATS, FINMIN EHRLICH PERSISTS IN HIS TOUGH STAND, REFUSING CONCESSIONS AND POINTING TO THE GOVERNMENT AND MANAGEMENT SUCCESS IN OBTAINING FROM THE SEAMEN'S UNION AFTER A THREE MONTH STRIKE A COMMITMENT TO SIGN A NO-STRIKE PLEDGE. THE MINISTER REMAINS CONFIDENT THAT HE CAN RETAIN CONTROL OF THE LABOR SITUATION AND WARNS THAT THE FUTURE OF THE GOVERNMENT'S ECONOMIC
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POLICY AND POSSIBLY OF THE GOVERNMENT WILL DEPFDEND ON THE OUTCOME OF THE CURRENT ROUND OF LABOR STRUGGLES. OTHER CABINET MEMBERS SEEM ANXIOUS ABOUT THE OUTCOME, AND THE PRESS IS BECOMING INCREASINGLY CRITICAL OF THE GOVERNMENT AS EL AL TURNED A BRIEF PROTEST STRIKE INTO A LOCKOUT AND EHRLICH TALKS ABOUT BREAKING THE UNIONS. END SUMMARY

2. FOR THE MOMENT THE TRANSPORT AND COMMUNICATIONS SECTORS ARE HARDEST HIT WITH THE MERCHANT FLEET AND EL AL AIRLINES CONTINUING STRIKEBOUND AND THE RADIO AND TV SERVICES SILENT. THE TEACHERS STAGED A ONE DAY PROTEST STRIKE ON APRIL 6 AND A SIMILAR STRIKE OF 40,000 NON-PROFESSIONAL CIVIL SERVANTS IS SCHEDULED FOR NEXT WEEK. THE TEACHERS AS WELL AS A NUMBER OF OTHER PUBLIC SERVICE UNIONS, INCLUDING THE POSTAL AND COMMUNICATIONS WORKERS, HAVE THREATENED PROLONGED STRIKES AFTER PASSOVER IN ORDER TO TEST THE GOVT'S DETERMINATION TO RESIST THEIR DEMANDS FOR 50-100 PERCENT WAGE INCREASES.

3. A CABINET COMMITTEE ON WAGES (EHRLICH-LIKUD, CHAIRMAN; TRADE/INDUSTRY MINISTER HOROWITZ-LIKUD; EDUCATION MINISTER HAMMER-NRP; LABOR-SOCIAL AFFAIRS MINISTER KATZ-DMC; TRANSPORT-COMMERCE MINISTER AMIT-DMC) AFTER MEETING FOR THREE DAYS AGREED, ACCORDING TO THE DIRGEN OF THE MINISTRY OF LABOR AND SOCIAL BETTERMENT, TO OFFER 7-10 PERCENT WAGE INCREASES FOR THE PUBLIC SECTOR AND TO PERMIT AN ADDITIONAL 2-3 PERCENT UPWARD DRIFT THROUGH PROMOTIONS AND LONGEVITY INCREASES. THIS WOULD VIRTUALLY COMMIT THE GOI TO MEET HISTADRUT'S 10-15 PERCENT DEMAND. HOWEVER, IN DEFERENCE TO CONSIDERABLE DIVERGENCIES OF VIEWS AMONG THE MINISTERS, IT WAS DECIDED AT THIS STAGE NOT TO ANNOUNCE SPECIFIC FIGURES IN ORDER NOT TO COMPLICATE UNDULY THE NEGOTIATING TASK OF THE CIVIL SERVICE COMMISSIONER BY TYING HIM DOWN TO A TAKE-IT-OR-LEAVE-IT FORMULA.

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4. EHRLICH REPORTEDLY ARGUED THAT SINCE THE GOVERNMENT AND MANAGEMENT BY THREATENING TO LIQUIDATE THE MERCHANT MARINE HAD GOT A NO-STRIKE COMMITMENT FROM THE SEAMEN'S UNION, EL AL AND THE GOVERNMENT WOULD USE A SIMILAR DEVICE TO BRING THE RECALCITRANT AIRLINE UNIONS TO HEEL. HE THREATENED TO FORM A NEW AIRLINE AND TO HIRE EMPLOYEES WITHOUT REGARD TO PREVIOUS EMPLOYMENT PURELY ON THE BASIS OF NEED AND PERFORMANCE. HE ALSO SAID THAT STRIKING RADIO AND TV BROADCASTERS BELONGING TO THE JOURNALISTS UNION WOULD HAVE TO SEPARATE FROM THAT UNION AND ACCEPT ONLY WAGE INCREASES TO BE GRANTED UNDER THE GENERAL PUBLIC SERVICE WAGE CONTRACT WITH THE HISTADRUT. THE GOVT WOULD REJECT ANY OBLIGATIONS TO BE BOUND BY THE NEW AGREEMENT BETWEEN THE JOURNALISTS' UNION AND THE PUBLISHERS ASSOCIATION CALLING FOR A 25 P/C INCREASE. HE ALSO THREATENED TO KEEP POSTAL SERVICES AND SCHOOLS SHUT DOWN AS LONG AS NECESSARY TO BRING THE UNION DEMANDS WITHIN THE GENERAL FRAMEWORK OF THE OVERALL AGREEMENT WITH HISTADRUT.

5. THE NON-LIKUD MEMBERS OF THE CABINET COMMITTEE THOUGHT THAT THE GOVERNMENT SHOULD SETTLE QUICKLY ON A PUBLIC SERVICE AGREEMENT LARGEMLY ON HISTADRUT TERMS OF 15 P/C AND THEN COOPERATE WITH THE HISTADRUT TO MAKE THE AGREEMENT STICK. THEY ALSO

QUESTIONED WHETHER THE FINMIN DESPITE HIS TOUGH TALKS WOULD REALISTICALLY BE ABLE TO HOLD THAT LINE. KATZ AND HAMMER PARTICULARLY PLEADED FOR SOME EXEMPTIONS FOR CERTAIN PROFESSIONAL GROUPS TO BE DEALT WITH UPON CONCLUSION OF THE CURRENT ROUND OF WAGE INCREASES AND ARGUED AGAINST THREATENING THE UNIONS AND THE HISTADRUT WITH PUNITIVE REPRISALS. HOWEVER, THE COMMITTEE AGREED WITH EHRLICH'S ARGUMENTS THAT DELAYING AN AGREEMENT IN THE PUBLIC SECTOR AND TOUGH HANDLING OF THE SEAMEN, THE AIRLINE AND RADIO-TV EMPLOYEES' UNIONS, WOULD GIVE GREATER CREDIBILITY TO THE ARGUMENT THAT ANY FUTURE SETTLEMENT WITH THE HISTADRUT WOULD BE SEEN AS THE MAXIMUM CONCESSION ATTAINABLE AND WOULD THUS DISCOURAGE MORE EXTRAVAGANT DEMANDS. IT ALSO ACCEPTED HIS INSISTANCE THAT THE GOVT SHOULD NEGOTIATE ONLY THROUGH THE HISTADRUT.

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6. HISTADRUT, ALTHOUGH VEXED BY EHRLICH'S AND THE GOVERNMENT'S PUBLIC POSTURE, REMAINS PREPARED TO COOPERATE IN RESTRAINING WAGE DEMANDS AND TO DISCOURAGE CIVIL SERVICE STRIKES. IT ALSO FEELS THAT THE GOI TACTICS HELP TO STRENGTHEN ITS OWN POSITION, AS INDIVIDUAL UNIONS FACD WITH EHRLICH'S HARD LINE TURN INCREASINGLY TO THE HISTADRUT TRADE UNION DEPARTMENT TO NEGOATIATE ON THEIR BEHALF. AT THE SAME TIME THIS DEVELOPMENT COULD ALSO PUSH THE HISTADRUT INTO A MORE HARD LINE POSITION, SHOULD THE NEGOTIATIONS TURN INTO GOI-HISTADRUT CONFRONTATIONS. LEWIS

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